



DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
1777 HARDEE AVENUE SW
FORT MCPHERSON GEORGIA 30330-1062

REPLY TO
ATTENTION OF

AFLG-PR

23 October 2001

MEMORANDUM FOR ALL FORSCOM DOCS

SUBJECT: Contracting Information Letter (CIL) 02-03

1. This CIL contains information on the following subjects:
 - a. Defense Priorities and Allocations Systems (DPAS) Update
 - b. Improper Adjustments to Cancelled Department of Defense Appropriations
2. Defense Priorities and Allocations Systems (DPAS) Update.

a. The U.S. Army Materiel Command serves as the Army DPAS office. Recently, the DPAS office along with the DPAS offices from DOD and Department of Commerce, have received numerous calls concerning the DPAS process. Please review the following general guidance for implementing DPAS for your programs.

PLEASE NOTE: Under no circumstances are contracting officers and procurement officials to change a DO rating on a contract to a DX or use the DX rating in the first place unless the cognizant program is currently DX. The only DX Army program is M-I Abrams Tank. The PATRIOT Advanced Capability (PAC-3) is also a DX rated program under the Joint Service Ballistic Missile Defense Program.

b. Request you address your questions/issues through your chain of Command. Do not call DOD or Department of Commerce. For additional information on DPAS, please refer to the Department of Commerce web site www.bxa.doc.gov. Click on "National Defense Programs" then click on "Programs". <http://amsaa.ria.army.mil/ib/ibhub/index.html> is another web site from the AMC IB Hub. Click on "Library", then click on "Programs", then on "SIES DPAS" to go the U.S. Army DPAS Program Directory dated January 2001.

c. Be advised that Department of Commerce and DOD guidance is to Submit BXA-999 Form, Request for Special Priorities Assistance (version 6/98) via your MSC or MACOM DPAS Officer. The Army DPAS officer will review and forward to DOD as appropriate. To get a copy of the BXA-999 Form use the Department of Commerce link <http://www.doc-bxa.bmpcoe.org/dpas-docs/bxa999.pdf>. Should you need clarification or have any questions on DPAS, call Mr. Tim Rigsby, DSN 767-5109 (contractor support and DPAS coordinator for the Army) or Ms. Linda Custer, DSN 767-4957. Again, please do not call DOD or Department of Commerce.

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3. Improper Adjustments to Cancelled Department of Defense Appropriations.

a. Reference enclosed memo from the Undersecretary of Defense, 1 October 2001, SAB.

b. In subject memo, Mr. Aldridge, USD(AT&L), addresses GAO criticism and directs action be completed, by 1 Dec 2001, to ensure that adjustments affecting closed appropriations are legal and otherwise proper. He also stresses the need to ensure compliance with DoD financial management policies, which currently preclude the improper adjustments identified by the GAO.

Encl
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A handwritten signature in black ink, appearing to read "Charles J. Guta", with a long horizontal stroke extending to the right.

CHARLES J. GUTA
Colonel, AC
Chief, Contracting Division, DCSLOG
Principal Assistant Responsible
for Contracting



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

01 OCT 2001

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
ATTENTION: SERVICE ACQUISITION EXECUTIVES
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Improper Adjustments to Cancelled Department of Defense
Appropriations

The General Accounting Office (GAO) criticized DoD for a lack of adequate systems, internal controls, and managerial attention to ensure that adjustments affecting closed appropriations are legal and otherwise proper. GAO auditors asserted that the Military Departments used contract modifications to instruct the Defense Finance and Accounting Service to charge some payments to closed appropriations. The GAO further indicated that documentation supporting these adjustments did not adequately explain the underlying reasons for the adjustments. Because of these criticisms, the GAO recommends that I, as the Under Secretary of Defense (Acquisition, Technology, and Logistics) issue policy guidance prohibiting contract modifications resulting in improper adjustments to contract payment terms. Additionally, the Under Secretary of Defense (Comptroller) requests that the acquisition community take appropriate action to prevent improper adjustments.

Accordingly, I request that you make certain that all contracting activities have procedures in place that ensure compliance with the requirements of the Department's financial management policies, which currently preclude the improper adjustments identified by the GAO. Instructions for charging and processing adjustments to closed appropriation accounts are included in Volume 3, Chapter 10 of the Department of Defense Financial Management Regulation (DoD 7000.14-R). All contract modifications that include adjustments to closed appropriation accounts must be supported with contract file documentation sufficient to establish that the adjustments are legal and proper, and that they received supervisory review. The modifications must also be approved in writing by the appropriate level comptroller or financial resource manager.



ENCL

Actions taken to comply with this direction must be completed within 60 days from the date of this memorandum. Any questions should be addressed to Mr. Richard Brown in Defense Procurement at (703)695-7197, or Richard.G.Brown@osd.mil.



E. C. Aldridge, Jr.